

# Land Board Agenda Item

## April 21<sup>st</sup>, 2008

### **Spring Prairie Permanent Easement Exchange, DNRC, Northwestern Land Office Section 36, T29N, R22W**

**Proposal:** Easement exchange involving the Department of Natural Resources and Conservation's (DNRC) current Northwestern Land Office / Kalispell Unit (NWLO) administrative site and its proposed new administrative site.

**Proponent:** DNRC

**Acres:**

<b>CURRENT EASEMENTS</b>		
4.08 acres	State Forester, Easement # D-3923, Issued 1957	\$1,065,000
4.086 acres	DNRC, Easement # D-6862, Issued 1977	\$1,069,000
8.166 acres	Totals	\$2,134,000
<b>PROPOSED EASEMENTS</b>		
11.0 acres	Administrative Site	\$1,853,000
1.8 acres	1980 lineal feet City Road Right of Way	\$158,000
12.8 acres	Total	\$2,011,000

**Location:** Within the City of Kalispell (see attached map)

**Beneficiary:** Common Schools

The Northwestern Land Office requests Land Board consideration of a proposed easement exchange within the state trust land section known as Spring Prairie located in the City of Kalispell, Section 36, T29N, R22W. The proposal is to exchange a 4.08 acre and 4.086 acre permanent easement currently held by DNRC on the east side of section 36 for permanent easement of equal or less value on the west side of section 36 (see attached map).

The 2007 Legislature appropriated funding for the DNRC to build a new Northwest Land Office complex. That appropriation is initiating this exchange request. The new office complex will co-locate DNRC Water Rights, Trust Lands, Forestry, and DEQ staffs in the Kalispell area. This easement exchange will occur during the next 12 month period.

The following describes how the proposed easement exchange relates to the Board of Land Commissioners Exchange Criteria:

1) Equal or Greater Value:

The current easements are a combined total of 8.166 acres and are valued at \$2,134,000. The easements proposed for acquisition are a total of 12.8 acres, with 11 acres proposed for the administrative office location and 1.8 acres for easement acquisition of Stillwater Road right of way located in

the SW4 of Section 36. Combined, these two proposed easements are valued at \$2,011,000. Therefore, in this proposed exchange of easements, the Common School Trust would be receiving value in the amount of \$123,000.

*Meets the Criteria*

2) State Land Bordering on Navigable Lakes and Streams:

No lands identified in this proposed easement exchange border navigable lakes or streams.

*Does not apply*

3) Equal or Greater Income:

The existing 4.08 and 4.086 acre easements will be terminated, thereby making this area available for its highest and best use of commercial leasing. Based on the current value of approximately \$6/ sqft and the current retail climate on the north end of Kalispell, the trust is positioned for greater income potential. The property on the west side of the section has a current value of approximately \$3.74/ sq ft.

In addition, the Department plans to make the trust whole with the inclusion of the Stillwater Road right of way in this proposed easement exchange, thus positioning the trust for greater income due to adjacent lands having legal access.

*Meets the Criteria*

4) Equal or Greater Acreage:

The current easements contain a combined total of 8.166 acres; the future easements are a combined 12.8 acres. The constitutional requirement for Land Exchange is for the lands exchange to be “as closely as possible equal in area”. The State office complex proposed easement will allow for future expansion and co-location of government offices.

*Meets the Criteria*

5) Consolidation of State Lands:

This being an easement exchange within the same section of school trust land, consolidation of state land is not affected.

*Does not apply*

6) Potential for Long Term Appreciation:

The 8.166 acres made available to the beneficiary is highway frontage on US Highway 93 within the City limits of Kalispell, one of the hottest retail markets in the state. Appraisals show land values along this highway frontage have doubled in the past 6 years.

*Meets the Criteria.*

7) Access:

All lands identified in this exchange have legal access as proposed.

*Meets the Criteria.*

**Recommendation:** The Director recommends that the Board give final approval to this easement exchange.

## **Proposed Easement Exchange**

